

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5223  
**COMPANY NAME** : Mentiga Corporation Berhad  
**FINANCIAL YEAR** : December 31, 2021

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("The Board") of the Company is committed to ensure that the highest standards of Corporate Governance are practiced and applied throughout the Group towards enhancing business prosperity and corporate accountability to protect and enhance long term shareholders' value and financial performance of the Group.</p> <p>To discharge its fiduciary and leadership functions the Board has established the following to be its primary responsibilities which are set out in the Board Charter:</p> <ul style="list-style-type: none"><li>• Promoting together with senior management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;</li><li>• Reviewing, challenging and deciding on management's proposals for the Company and monitor its implementation by management;</li><li>• Ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</li><li>• Establishing and reviewing the strategic direction of the Company;</li><li>• Overseeing and evaluating the conduct of the Company's business including significant actions that are outside the Company's normal course of business;</li><li>• Identifying principal risks, overseeing and ensuring that the risks are properly managed, controlled and mitigated;</li><li>• Ensuring that key senior management has the necessary skills and experience, and they are measures in place to provide for orderly succession of the Board and key senior management;</li></ul>

	<ul style="list-style-type: none"> <li>• Establishing a succession plan including appointing, training, fixing the compensation of and where appropriate replacing key senior management;</li> <li>• Developing and implementing an investor relations programme or shareholder communication policy.</li> <li>• Reviewing the adequacy of the internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines and ensuring that there is a sound framework for internal controls and risk management;</li> <li>• Understanding the principal risks of the Company's business and recognising that business decisions involve the taking of appropriate risks;</li> <li>• Setting the risk appetite within which the Board expects management to operate and ensuring that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;</li> <li>• Establishment of the Code of Ethics and Code of Conduct of the Company;</li> <li>• Ensuring the Company has appropriate corporate disclosure policies and procedures;</li> <li>• Ensuring that the Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions; and</li> <li>• Ensuring the integrity of the Company's financial and non-financial reporting.</li> </ul> <p>The Board has established separate Board Committees, namely, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Whistleblower Committee, Tender Committee and ESOS Committee. Each Committee operates under their respective approved terms of reference.</p> <p>The Board and Management are guided by the Authority Limit which sets out the approving limits of the various approving authorities for the daily operations and management of the Group.</p> <p>During the year, the Board delegates management of the Company's resources to the senior management team under the leadership of the Managing Director (CEO), Tuan Haji Yaacob bin Sarani to deliver the strategic direction and goals determined by the Board for day-to-day management of the Group.</p>
<b>Explanation for departure</b> :	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob is Non-Independent Non-Executive Director, who is primarily responsible for the proper conduct and working of the Board.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"><li>a) Providing leadership for the board so that the board can perform its responsibilities effectively;</li><li>b) Leading the Board in setting the values and standards of the Company;</li><li>c) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li><li>d) Ensuring the provision of accurate, timely and clear information to Directors;</li><li>e) Ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and that their views are communicated to the board as a whole;</li><li>f) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;</li><li>g) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;</li><li>h) Meeting with other non-executive directors without the presence of other executive directors or senior management; and</li><li>i) Providing feedback to each individual director in relation to his/her contributions and performance, as appropriate.</li></ul> <p>The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. The Chairman should ensure that Board members receive complete and accurate information in a timely manner. The Chairman shall also be responsible for:</p> <ul style="list-style-type: none"><li>a) Leading the Board meetings and discussions;</li><li>b) Encouraging active participation and allowing dissenting views to be freely expressed; and</li></ul>

	<p>c) Managing the interface between Board and management.</p> <p>The Chairman is responsible for managing the business of the Board to ensure that:</p> <ul style="list-style-type: none"> <li>• all Directors are properly briefed on issues arising at Board meetings.</li> <li>• sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.</li> <li>• the issues discussed are forward looking and concentrates on strategy.</li> </ul>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A clear division of responsibility between the Chairman and the Executive (Managing) Director exists to ensure a balance of power and authority.</p> <p>The Board is led by YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob who is a Non-Independent Non-Executive Director, primarily responsible for the proper conduct and working of the Board.</p> <p>The Executive Management is led by Tuan Haji Yaacob bin Sarani, who is responsible for the day-to-day running of the business and the implementation of Board's policies and decisions. On 31<sup>st</sup> December 2021, Tuan Haji Yaacob bin Sarani resigned as Managing Director and subsequently was re-designated to a Non-Independent Non-Executive Director. His designation was replaced by Dato' Hamdan bin Salim with effect from 1<sup>st</sup> January 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	YB. Dato Sri DiRaja Haji Adnan bin Haji Yaakob, the Non-Independent Non-Executive Chairman of the Company, had on 23 February 2022 resigned as a member of Nomination Committee and Remuneration Committee. He was not a member of the Audit Committee.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries are external Company Secretaries from Tricor Corporate Services Sdn Bhd with vast knowledge and experience from being in public practice.</p> <p>The Company Secretaries are:</p> <ul style="list-style-type: none"><li>a) Mr Yeap Kok Leong</li><li>b) Ms Lim Hooi Mooi</li><li>c) Ms Ong Wai Leng</li></ul> <p>All of them are qualified members of The Malaysian institute of Chartered Secretaries and Administrators ("MAICSA"), who play a vital role in advising the Board concerning all corporate governance matters.</p> <p>The Company Secretaries are responsible to ensure that Board and Board Committees' meetings are properly convened, keep proper records of proceedings of meetings and resolution passed by the Board and its Committees.</p> <p>The Company Secretaries update the Board regularly on any regulatory changes and developments in corporate governance during meetings and via emails.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to each Board and Committee meeting, Directors will receive the agenda and accompanying meeting papers for each agenda item to be discussed at the meeting. At each meeting, there is a full financial and business review and discussion. Items reviewed and discussed include the following:</p> <ul style="list-style-type: none"><li>• Minutes of previous Board meeting (s);</li><li>• Minutes of meetings of Committees of the Board (the "Board Committees");</li><li>• Directors' circular resolutions passed since the previous meeting;</li><li>• Quarterly performance report of the Group;</li><li>• Quarterly financial statements to be submitted to Bursa Securities; and</li><li>• Major operational, financial and corporate issues.</li></ul> <p>The agenda and supporting papers are distributed in advance i.e., at least seven (7) days prior to the date of meetings for all Board and Board Committee Meetings to allow time for appropriate review to facilitate full discussion at the meetings.</p> <p>The Board has direct access to Senior Management and has full and unrestricted access to information relating to the Company's business and affairs in the discharge of their duties. The Senior Management Officers are invited to attend the Board meetings to update the Board on their respective areas of responsibility and to brief and provide details to the Directors on proposals submitted for the Board's consideration.</p> <p>All directors have access to the advice and services of the Company Secretaries and to obtain independent professional advice, whenever necessary, at the expense of the Company. The Company Secretary attends all Board, Committees and general meetings and advises the Board on corporate disclosures, corporate governance issues and compliance with requirements under the Company's Constitution, the Companies Act 2016 and the Main Market Listing Requirements, as well as the best practices recommended by the MCCG.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>This Board Charter is prepared for the Board of Directors ("Board") of Mentiga Corporation Berhad ("Mentiga" or "the Company") and its subsidiaries (collectively the "Group"), insofar as it is applicable, to provide a concise overview of:</p> <ul style="list-style-type: none"><li>• The roles, functions, responsibilities &amp; powers of the Board and the senior management</li><li>• An awareness to the various legislations and regulations affecting their conduct</li><li>• The powers delegated to various board committees of Mentiga</li><li>• The policies and practices of the Board in respect of matters such as corporate governance, code of conduct, conflicts and declaration of interest, board meeting procedures, appointment &amp; assessment of directors</li></ul> <p>This Board Charter is subject to the provisions of the Companies Act 2016 ("Companies Act"), the Constitution of Mentiga, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa"), the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and any other applicable law or regulatory requirements.</p> <p><b>Matters reserved for the Board</b></p> <p>The Board reserves full decision-making powers on the following matters:</p> <ul style="list-style-type: none"><li>• The Conflict of interest issues relating to a substantial shareholder or a Director;</li></ul>

	<ul style="list-style-type: none"> <li>• Material acquisitions and disposition of assets not in the ordinary course of business;</li> <li>• Investments in Capital projects;</li> <li>• Authority levels;</li> <li>• Treasury policies;</li> <li>• Risk management policies; and</li> <li>• Key human resource issues.</li> </ul> <p>More information on the Board Charter can be found on the Company's website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.1**

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Directors continue to adhere to the Directors’ Code of Ethics which is based on principles in relation to integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behavior.</p> <p>More information on the Code of Business Conduct &amp; Work Ethics can be found on the Company’s website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Whistleblowing Policy provides an avenue for employees and stakeholders to disclose any improper, unethical or unlawful conduct within groups of company without fear of reprisal.</p> <p>The Policy provides guidelines for the reporting and the investigation of any wrongdoings. All reports should be sent directly to any one member of the Whistleblower Committee members who are as follows:</p> <ul style="list-style-type: none"><li>• YH. Dato' Hazli bin Ibrahim (Chairman) - Independent Non-Executive Directors</li><li>• YH. Dato' Bahudin bin Mansor – Senior Independent Non-Executive Directors</li></ul> <p>For reports sent through emails, it is recommended that they be marked as "Mentiga – Whistleblowing Report" for ease of identification.</p> <p>More information on the whistleblowing policy can be found on the Company's website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is committed in ensuring business sustainability and responsible for the governance and implementing sustainability matters of the Group.  The Board is supported by a Sustainability Committee which is headed by the Group Managing Director and comprises the Company's management team, as well as heads from the plantation, timber and mining business segments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group engages in a working relationship with its internal and external stakeholders regularly.  Details pertaining to the key stakeholder group and the type of engagement conducted are available in the Sustainability Statement in the 2021 Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The management will conduct a materiality review regularly to identify the importance of sustainability matters in the group.  The Board is updated on the progress of the group's sustainability priorities, initiatives, risks and measures taken by the management.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The group will focus on the performance highlights which provided the targets and achievements based on the Materiality Matrix Assessment of the Company material sustainability risks and opportunities in the year 2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Company's Management Sustainability Committee is headed by the Group managing Director and comprises the Company's management team, as well as heads from the plantation, timber and mining business segments.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is responsible for evaluating the findings of the Board Performance Evaluation for the Board and relevant Board Committees. Each Director's ability and capability will be individually self-assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap.</p> <p>The NRC reviewed and recommended to the Board those Directors who are due for retirement by rotation and are eligible to stand for re-election at the forthcoming annual general meeting of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board composition during the financial year 2021 comprised four (4) Non-Independent Non-Executive Directors, two (2) Independent Non-Executive Directors and the Managing Director, was in compliance with paragraph 15.02 of Bursa Securities' Listing Requirements.</p> <p>The composition of the Board is balanced by the presence of Independent Non-Executive Directors. Although all Directors have an equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent view, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure the highest standards of conduct and integrity were maintained by the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	<p>Shareholders' approval through a two-tier voting was sought in 2021 Annual General Meeting ("AGM") for independent directors serving beyond 12 years.</p> <p>As recommended by the MCG 2017, the tenure of an Independent Director should not exceed nine (9) years cumulatively. Notwithstanding that YH. Dato' Bahudin bin Mansor and YH. Dato' Hazli bin Ibrahim have served on the Board for more than twelve (12) years, the Board proposes to retain both of them as Independent Directors and will seek shareholders' approval through a two-tier voting process.</p> <p>Under the two-tier voting process, shareholders' votes will be cast in the following manner at the shareholders' meeting:</p> <ul style="list-style-type: none"><li>• Tier 1: Only the Large Shareholder(s) of the Company votes; and</li><li>• Tier 2: Shareholders other than Large Shareholder(s) votes.</li></ul> <p>The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Company benefits from the long service of both of them who possess an incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in their role as Independent Directors. In fact, they have been bringing their independent and objective judgment to board deliberations and the decision making process.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of new Directors is under the purview of the Nomination and Remuneration Committee ("NRC"), who is responsible for making recommendations to the Board on suitable candidates for appointment. The NRC, in assessing a candidate's suitability, will look at the candidate's background, expertise, experience and skills as prescribed in Board Charter.</p> <p>Criteria for Board Members as prescribed in Board Charter are as follows:</p> <p>a) A candidate for appointment as a director of the Company should have several years of successful high-level executive experience in a significant for-profit business entity during which the candidate was responsible for strategic decisions involving operational, technological, marketing, financial, human resource and/or organisational development matters. The candidate should have professional skills that complement the skills of existing board members. The Board will recruit new directors who can add strength in areas that are important to the Company's long-term success and who possesses skills that are appropriate for the current needs of the Board.</p> <p>b) Each candidate nominated shall first be assessed by the Nomination Committee ("NC") in consultation with the Chairman and the Managing Director and be subject to the review of the remuneration package by the Remuneration Committee. The candidate appointed to the Board will be subject to retirement at the forthcoming Annual General Meeting following his/her appointment and would be subject to re-election by the shareholders of the Company.</p>

	<p>c) The Board supports the management's efforts to build a diverse organisation throughout the Group. The Group's aims to attract and develop a highly qualified and diverse workforce and works to ensure that all selection decisions are based on merit and that all recruitment activities are fair and non-discriminatory. Senior positions are very demanding for all, more so with regards to the core businesses of the Group. The Board acknowledges and supports the importance of diversity, including gender, on the Board. Subject to the suitability of candidates who have the requisite expertise in the core business segment of the Group, we will appoint new directors who fit the skills criteria and gender balance when recruiting additional directors and/or filling vacancies which arises in the Board.</p> <p>d) Directorships held by any Board member at any one time shall not exceed the limits as set out in the MMLR. Executive Directors/Managing Director(s) should not take on any new appointments to the Board of other listed companies without the prior notification and consent of the Chairman of the Company.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and relevant Board Committees.</p> <p>The NRC, upon analyzing the result of the annual Board Performance Evaluation, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The NRC is also satisfied that all the Board members are suitably qualified to maintain the positions as Directors of the Board and members of the Committees in view of their respective academic and professional qualifications, experience and qualities.</p> <p>The Committee is also open to referrals from external sources when Board vacancies arise.</p>	
<b>Explanation for departure</b>	:		
<i>.Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>This practice was not adopted as the Notice of 50<sup>th</sup> AGM was finalised for issuance on 30 April 2021. However, this Practice was issued by the Securities Commission Malaysia on 28 April 2021.</p> <p>This Company will include a statement in the Notice of 51<sup>st</sup> AGM on the support for the re-election of Directors who are due to retire at the 51<sup>st</sup> AGM in accordance with the Company's Constitution.</p> <p>The profile of Directors whom shall be retired at the 51<sup>st</sup> AGM has been disclosed in the statement accompanying the Notice of 51<sup>st</sup> AGM which included their age, gender, working experience, directorship in other listed issuers and any conflict of interest.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Nomination Committee NC is YH. Dato' Hazli Bin Ibrahim, an independent non-executive director of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board will appoint female Director when a suitable candidate, who can add value to the Board, is identified.	
		At present, the Company does not have any female Director.	
		The Company's NC has discussed the compliance with the "30% women directors" guideline even though the Company is not a large Company. The Board is expected to appoint female Director before 1 <sup>st</sup> June 2023.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Gender diversity remains an essential aspect of Board composition and the Board to take necessary steps to ensure compliance with the best practice as recommended by the Code. The Board is expected to appoint female Director before 1 <sup>st</sup> June 2023.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

*Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and relevant Board Committees. Each Director's ability and capability will be individually self-assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap. The selection criteria includes the following:</p> <ul style="list-style-type: none"><li>• Qualification, experience and skills;</li><li>• Corporate governance;</li><li>• Contribution and competence;</li><li>• Independence;</li><li>• Number of directorship and other external obligations which may affect the Director's commitment, including time commitment and value contribution; and</li><li>• In the case for the position of Independent Non-Executive Directors, the NRC will also evaluate the candidates' ability to discharge responsibilities and functions as expected from Independent Non-Executive Directors.</li></ul> <p>NRC presented the results of Board Evaluation in Board Meeting.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC recommends to the Board the framework of the remuneration package for the Managing Director and Senior Management which includes, but not exhaustive, the basic salary, benefits in kind and service contract.</p> <p>In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The ultimate responsibility to approve this remuneration package lies with the Board.</p> <p>Fees and benefits paid to Non-Executive Directors are tabled at the Company's AGM for shareholders' approval.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The primary remuneration functions of Remuneration Committee are as follows:</p> <ul style="list-style-type: none"><li>• To review and recommend remuneration of Directors and senior management which are well-structured and consistent with the strategy, goals and long-term objectives of MCB;</li><li>• To review and recommend the remuneration packages for Directors and senior management to ensure fair and adequate rewards for their contributions to MCB; and</li><li>• To review and recommend the remuneration policies and procedures which are made through a transparent and independent process for Directors and senior management.</li></ul> <p>More information on the Terms of Reference of RC can be found on the Company's website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Detailed disclosure on name basis for the remuneration of Non-Executive and Executive Directors is disclosed in the Company's Annual Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tuan Haji Yaacob bin Sa'rani	Executive Director	48,000	-	680,592	45,000	-	232,138	1,005,730	102,000	-	680,592	45,000	-	239,158	1,066,750
2	YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	Non-Executive Non-Independent Director	120,000	43,000	-	-	-	-	163,000	120,000	43,000	-	-	-	-	163,000
3	YH. Dato' Haji Muhammad Nasir bin Puteh	Non-Executive Non-Independent Director	48,000	19,000	-	-	-	-	67,000	126,000	24,000	-	-	-	6,240	156,240
4	YH. Dato' Haji Mohd Ali Hanafiah bin Sh. Ruji	Non-Executive Non-Independent Director	48,000	18,000	-	-	-	-	66,000	48,000	18,000	-	-	-	-	66,000
5	YH. Dato' Bahudin bin Mansor	Independent Director	72,000	40,500	-	-	-	-	112,500	72,000	40,500	-	-	-	-	112,500
6	YH. Dato'Hazli bin Ibrahim	Independent Director	48,000	40,000	-	-	-	-	88,000	48,000	40,000	-	-	-	-	88,000
7	YH. Dato' Haji Mohd Nazari bin Yunus	Non-Executive Non-Independent Director	48,000	28,000	-	-	-	-	76,000	84,000	31,000	-	-	-	4,680	119,680
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Detailed disclosure of the top five senior management's remuneration in bands of RM50,000 is disclosed in the Company's Annual Report.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit Committee is chaired by the Senior Independent Director, YH. Dato' Bahudin bin Mansor. Meanwhile, the Chairman of the Board is YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob.  The profile of YH. Dato' Bahudin bin Mansor can be viewed on page 19 of the Company's Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference for Audit Committee had included cooling off period of at least two years before being appointed as a member of the Audit Committee.  At present, none of the Audit Committee members were former key audit partners of the Company's external auditors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the establishment of an AC has managed an appropriate relationship with the External Auditors and there are formal and transparent arrangements in reviewing the External Auditor's audit plan, report, internal control issues and procedures. The key features and the roles of the AC in relation to the External Auditors are included in the AC's Term of Reference as described in the Audit Committee Report. The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regularity requirements.</p> <p>The AC reviews the proposed re-appointment of the Messrs Al Jafree Salihin Kuzaimi PLT as External Auditors of the Company and their fees on annual basis to ensure that the independence and suitability of the External Auditors is not compromised based on stringent criteria adopted from best practices.</p> <p>The AC noted that the External Auditors had expressed their willingness to continue in office for the ensuring year and having reviewed the suitability and independence of the External Auditors, the AC recommended to the Board to table the resolution for their re-appointment as External Auditors for the next financial year for shareholders' approval at the forthcoming 51<sup>st</sup> AGM of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises two Independent Non-Executive Directors and a Non-Independent Non-Executive Director of the Company.

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.</p> <p>YH. Dato' Bahudin bin Mansor is a member of Malaysian Institute of Accountants ("MIA") and CPA Australia, and thus, meets the requirements of paragraph 15.09(1)(c) of the Bursa Securities Listing Requirements which stipulates that at least one member of Audit Committee must be qualified accountant.</p> <p>All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of their training can be seen on page 42 of the Company's Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The board had established an effective risk management and internal control framework in year 2013 and involves all level of business units and employees within the Group.</p> <p>The Statement on Risk Management and internal control are set out on pages 46 to 48 of this Annual Report which provides an overview of the state risk management and internal controls of the group.</p> <p>The Company had outsourced the internal audit function of the Group to the professional firm of accountants. The findings of issues in the internal audit reviewed and discussed in the Audit Committee meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group’s risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the Statement on Risk Management and Internal Control in the Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>A Risk Management Committee ("RMC") was established in year 2013 to provide oversight to the Company's risk management policies and systems that safeguards the Company's and stakeholders' interests.</p> <p>The present members of the RMC are:-</p> <ul style="list-style-type: none"><li>• YH. Dato' Hazli bin Ibrahim (Chairman) - Independent Non-Executive Director</li><li>• YH. Dato' Bahudin bin Mansor – Senior Independent Non-Executive Director</li><li>• YH. Dato' Haji Muhammad Nasir bin Puteh - Non-Independent Non-Executive Director</li></ul>

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 11.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is carried out by an external service provider, namely McMillan Wood Thomas. The outsourced Internal Auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.</p> <p>The internal audit function performs internal audit on various operation units within the Group based on scope approved by the Audit Committee.</p> <p>The findings of issues in the internal audit were reviewed and discussed in the Audit Committee meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company had outsourced the internal audit function("IAF") of the Group to the professional firm of accountants, McMillan Woods Thomas.</p> <p>The team from McMillan Woods Thomas is led by Mr. Chong Loong Choy.</p> <ul style="list-style-type: none"><li>-Chartered Accountant (Member of MIA)</li><li>-Chartered Certified Accountant (Member of the ACCA, UK)</li><li>-Approved Auditor in Malaysia</li></ul> <p>The Internal Audit Function is carried out based on the assessment of risks by the MCB Group Risk Management Function and in accordance with the International Standards on Auditing.</p> <p>McMillan Woods Thomas has a team of ten (10) staff in internal audit department. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree.</p> <p>None of the staffs are in any relationship or have conflict of interest with the Company, which could impair their objectivity and independence.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognizes the value of good investor relations and the importance of disseminating in a fair and equitable manner. Thus, the Board stresses on maintaining good relationship with shareholders through distribution of annual reports, announcement of all material information including quarterly financial performance of the Group to Bursa Securities, company websites and investor relations.</p> <p>As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has identified YH. Dato' Bahudin bin Mansor as the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretary for information on the Group.</p> <p>The AGM is a platform for the Board and shareholders to communicate on the Group's performance and any other matters of concern or interest to shareholders. During the last year meeting, shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and all Directors and Management were present at the AGM to answer question raised by shareholders. Extraordinary General Meetings are held as and when required.</p> <p>The Board encourages shareholders to attend and participate in AGM by providing adequate advance notice and holding the AGM at a readily accessible location. Any item of special business included in the notice of AGM will be accompanied by an explanation of the effects of the proposed resolution.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not Applicable-Not a large company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable to MCB as MCB is not a large Company.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The last Annual General Meeting (“AGM”) was held on 3 June 2021 and the notice convening the AGM was sent to shareholders on 28 April 2021, which has 28 days prior to the AGM in accordance with MCGG 2017.</p> <p>The fifty-first AGM is scheduled to be held on 9 June 2022 and notice of the AGM will be sent to shareholders together with Annual Report on 27 April 2022.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the last year meeting, shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and all Directors and Management were present at the AGM to answer questions raised by shareholders.</p> <p>The Chairman of the Audit, Nominating, Risk Management and other Committees provide meaningful response to questions addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The 50<sup>th</sup> AGM has been conducted on a fully virtual basis through live streaming from the broadcast venue.</p> <p>Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings. Voting for all resolutions at last year AGM was conducted by polling and carried out with systematically and resolutions are properly recorded.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AGM is a platform for the Board and shareholders to communicate the Group's performance and any matters concern or interest to shareholders.</p> <p>During the last AGM, shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and Directors and Management were present at the AGM to answer questions raised by shareholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The proceedings of the Company's 50<sup>th</sup> AGM were live broadcasted using the RPV facilities which are available on TIIH online website. Eligible shareholders and proxies were able to join the live streamed AGM via web portal via the TIIH online website.</p> <p>Shareholders were given the opportunity and time to submit questions in the query box via the RPV facilities prior to or during the AGM. The Board had responded to the questions received or posted by the shareholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The key matters discussed and minutes of the 50th AGM held on 3 June 2021 were published on the Company's website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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